

# HOUSE BILL No. 1162

---

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 20-12-6; IC 20-12-8-1.

**Synopsis:** University bonding. Adds software and related costs to the costs that may be included in a state university bond issue for a capital project. Provides that certain installment contracts entered into by state universities are not considered to be bond issues. Provides that bonds may be issued by a state university for equipment, software, and related purposes (instead of capital projects) without the approval of the general assembly if, after the issuance, the total amount of bonds outstanding will not exceed \$10,000,000 (instead of \$1,000,000). Increases the cap on the amount of bonds that a state university may have outstanding for qualified energy savings projects from \$10,000,000 to \$20,000,000. Authorizes Purdue University to issue bonds for certain repair and rehabilitation expenses without the approval of the general assembly. Authorizes a state university to issue bonds for certain technology expenditures without the approval of the general assembly. Authorizes a state university to issue revenue bonds for facilities used for clinical, medical, scientific, engineering, or other similar research purposes if revenue will be available in an amount at least equal to debt service for the bonds. (Current law is limited to medical research facilities associated with a school of medicine.)

**Effective:** Upon passage.

---

---

**Buell, Cherry, Klinker**

---

---

January 9, 2006, read first time and referred to Committee on Ways and Means.

---

---

C  
o  
p  
y



Introduced

Second Regular Session 114th General Assembly (2006)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2005 Regular Session of the General Assembly.

## HOUSE BILL No. 1162

A BILL FOR AN ACT to amend the Indiana Code concerning education finance.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 20-12-6-1.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.2. (a) In addition to the powers set forth in section 1 of this chapter, the corporations may:

(1) acquire, erect, construct, reconstruct, improve, rehabilitate, remodel, repair, complete, extend, enlarge, furnish, and operate any equipment that the governing boards of the corporations consider necessary for:

(A) carrying on the educational research or public service programs or discharging the statutory responsibilities of the educational institutions and their various divisions; or

(B) the management, operation, or servicing of the institutions; and

(2) establish liability or other loss insurance reserves or contribute those reserves or other capital to a risk retention group for the purpose of providing insurance coverage against liability claims.

(b) As used in this chapter:



C  
o  
p  
y

(1) "building facility" includes equipment, **software, and related costs;**

(2) "liability or other loss insurance reserves" means a fund set aside as a reserve to cover risk retained by the corporation in connection with liability claims or other losses;

(3) "risk retention group" means a trust, pool, corporation, partnership, or joint venture funded by and owned and operated for the benefit of more than one (1) eligible member;

(4) "eligible members" includes the corporations and all private institutions of higher education (as defined in IC 20-12-63-3); and

(5) "liability" means legal liability for damages (including costs of defense, legal costs and fees, and other claims expenses) because of injuries to other persons or entities, damage to their property or business, or other damage or loss to those persons or entities resulting from or arising out of any activity of any eligible member.

SECTION 2. IC 20-12-6-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. The term "bond" or "bonds" as used in this chapter means any bonds (including refunding bonds), notes, temporary, interim, or permanent certificates of indebtedness, debentures, or other obligations evidencing indebtedness for borrowed money. **The term does not include installment contracts or similar instruments under section 2 of this chapter.**

SECTION 3. IC 20-12-6-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Except for notes issued under section 8.5 of this chapter and except as provided in subsections (d) ~~and (e)~~, **through (g)**, no bonds shall be issued for a project by the corporations under this chapter unless the general assembly:

(1) has specifically approved the project to be financed through the issuance and sale of these bonds; and

(2) has provided the amount of bonds which may be issued to fund the costs of acquiring, constructing, remodeling, renovating, furnishing, or equipping the specific project approved.

**All bonds authorized by this section must be approved as provided in section 16 of this chapter.**

(b) In addition to and in connection with the amount of bonds that may be issued by a corporation for a specific project as provided in subsection (a)(2), the corporations may also issue bonds in amounts necessary to provide funds for debt service reserves, bond or reserve insurance, and other costs without additional approval by the general

C  
o  
p  
y



assembly, if these costs are incidental to the issuance of bonds for the project.

(c) The bonds, regardless of when the amount of bonds was approved by the general assembly, may be issued in an amount not exceeding:

(1) the amount of bonds approved by the general assembly together with the amounts described in subsection (b); plus

(2) the amount of the discount below par value, if bonds are sold at a price below par value under IC 4-1-5-1.

(d) Bonds may be issued by a corporation **for equipment, software, and related costs** without the approval of the general assembly if, after the issuance, the total amount of outstanding bonds issued by the corporation **for those purposes** without approval will not exceed ~~one~~ **ten** million dollars ~~(\$1,000,000)~~. ~~However, the bonds must be approved as provided in section 16 of this chapter: (\$10,000,000).~~

(e) Bonds may be issued by a corporation without the approval of the general assembly to finance a qualified energy savings project (as defined in IC 20-12-5.5) if ~~(1)~~ annual operating savings to ~~a~~ **the** corporation arising from the implementation of a qualified energy savings project are reasonably expected to be at least equal to annual debt service requirements on bonds issued for this purpose in each fiscal year. ~~and (2) However, the amount of bonds that may be issued by each outstanding for the corporation at any time for qualified energy savings projects, other than refunding bonds and exclusive of costs described in subsections (b) and (c), does may not exceed ten~~ **twenty** million dollars ~~(\$10,000,000)~~. **(\$20,000,000).**

(f) Bonds may be issued by the trustees of Purdue University without the approval of the general assembly for repair and rehabilitation expenditures, including any project to:

(1) repair, rehabilitate, remodel, renovate, reconstruct, or finish existing facilities or buildings;

(2) improve, replace, or add utilities or fixed equipment; or

(3) perform related site improvement work.

(g) Bonds may be issued by a corporation without the approval of the general assembly for technology expenditures, including:

(1) computing, telecommunications, hardware, software, networking, and supporting equipment; and

(2) related expenditures such as installation and other similar capitalizable costs.

SECTION 4. IC 20-12-8-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) The trustees of Indiana University, the trustees of Purdue University, Indiana State

C  
o  
p  
y



University board of trustees, the University of Southern Indiana board of trustees, and the Ball State University board of trustees are authorized and empowered, from time to time, if the governing boards of these corporations find that a necessity exists, to erect, construct, reconstruct, extend, remodel, improve, complete, equip, furnish, operate, control, and manage:

(1) dormitories and other housing facilities for single and married students and school personnel;

(2) food service facilities;

(3) student infirmaries and other health service facilities including revenue-producing hospital facilities serving the general public, together with parking facilities and other appurtenances in connection with any of the foregoing;

(4) parking facilities in connection with academic facilities; or

(5) **facilities used for clinical, medical, scientific, engineering, or other similar qualitative, quantitative, or experimental research, facilities associated with a school of medicine, if the facilities will generate revenue from state, federal, local, or private gifts, grants, contractual payments, or reimbursements is available** in an amount that is reasonably expected to at least equal the annual debt service requirements of the bonds for the facility for each fiscal year that the bonds are outstanding;

at or in connection with Indiana University, Purdue University, Indiana State University, the University of Southern Indiana, and Ball State University, for the purposes of the respective institutions. These corporations are also authorized and empowered to acquire, by purchase, lease, condemnation, gift or otherwise, any property, real or personal, that in the judgment of these corporations is necessary for the purposes set forth in this section. The corporations may improve and use any property acquired for the purposes set forth in this section.

(b) Title to all property so acquired, including the improvements located on the property, shall be taken and held by and in the name of the corporations. If the governing board of any of these corporations determines that real estate, the title to which is in the name of the state, for the use and benefit of the corporation or institution under its control, is reasonably required for any of the purposes set forth in this section, the real estate may, upon request in writing of the governing board of the corporation to the governor of the state and upon the approval of the governor, be conveyed by deed from the state to the corporation. The governor shall be authorized to execute and deliver the deed in the name of the state, signed on behalf of the state by the governor, attested by the auditor of state and with the seal of the state

C  
o  
p  
y



1       affixed to the deed.

2       SECTION 5. **An emergency is declared for this act.**

**c  
o  
p  
y**

